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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 27, 1998

APPLICATION OF

ROANOKE GAS COMPANY

CASE NO. PUE980626

For General Increase in
Rates and to Revise its
Tariff

ORDER FOR NOTICE AND HEARING

On September 30, 1998, Roanoke Gas Company ("Roanoke" or "the Company") filed a general rate application, requesting authority to increase its rates and charges for natural gas service and to revise its tariff. The proposed rates are designed to increase Roanoke's gross annual operating revenues by \$877,527, or approximately 1.94% in jurisdictional unadjusted revenues. The Company's application and supporting testimony and exhibits are filed based on a test period consisting of twelve months ending June 30, 1998. The Company requests that its proposed rates and charges, and tariff revisions become effective, subject to refund, for service rendered on and after October 30, 1998.

Roanoke proposes two revisions to its tariffs. The Company proposes a Distribution System Renewal Surcharge to recover the annual incremental carrying costs and increased depreciation

expense associated with its ongoing distribution system renewal program. Additionally, Roanoke proposes a Revenue Stabilization methodology and associated surcharge designed to protect against wide fluctuations in revenues and customers' bills associated with extremes in winter weather.

NOW THE COMMISSION, having considered the application and the accompanying prefiled direct testimony and exhibits, is of the opinion that Staff should investigate the reasonableness of the proposed rates, charges, and revisions to the Company's tariff, and that a hearing should be scheduled to receive evidence relevant to the application. The Commission is of the further opinion that a Hearing Examiner should be appointed; that the Company's proposed rates, charges, and tariff revisions should be suspended for 150 days pursuant to § 56-238; and that a procedural schedule should be established for the filing of pleadings, testimony and exhibits. Accordingly,

IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE980626.

(2) The Company's proposed rates, charges, and tariff revisions are hereby suspended for a period of 150 days from the date of filing of its application, and shall take effect for service rendered on and after February 27, 1999, subject to refund with interest.

(3) Pursuant to Rule 7:1 of the Commission's Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(4) A public hearing before a Hearing Examiner shall be held on April 13, 1999, commencing at 10:00 a.m., in the Commission's 2nd Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving evidence relevant to the Company's application.

(5) The appropriate members of the Commission's Staff shall investigate the reasonableness of the Company's application and present their findings and recommendations in testimony at the April 13, 1999 public hearing.

(6) The Company forthwith make a copy of its application, prefiled testimony and other documents filed in this matter available for public inspection during regular business hours at all offices where customer bills may be paid.

(7) On or before January 25, 1999, the Company shall file with the Clerk of the Commission an original and twenty (20) copies of any additional direct testimony and exhibits it intends to present at the public hearing, and make a copy of the same available for public inspection as provided in paragraph (6) herein.

(8) On or before February 8, 1999, any person desiring to participate as a Protestant, as defined in Rule 4:6, shall file

with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Protest as provided in Rule 5:16(a) and shall serve a copy on the Company. Service upon the Company shall be made on Michael J. Quinan, Esquire, Woods, Rogers & Hazlegrove, P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

(9) Within five (5) days of receipt of any Notice of Protest, the Company shall serve on each Protestant a copy of all material now or hereinafter filed with the Commission.

(10) Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6, shall file on or before February 24, 1999, an original and twenty (20) copies of a Protest with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 referring to Case No. PUE980626 and shall simultaneously send a copy thereof to the Company as follows: Michael J. Quinan, Esquire, Woods, Rogers & Hazlegrove, P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219, and to any other Protestant.

(11) The Protest shall set forth (i) a precise statement of the interest of the Protestant in the proceeding; (ii) a full and clear statement of the facts which the Protestant is prepared to prove by competent evidence; and (iii) a statement

of the specific relief sought and the legal basis therefor. Any corporate entity or governmental unit that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirement of Rule 4:8.

(12) On or before February 24, 1999, each Protestant shall file an original and fifteen copies of the prepared testimony and exhibits the Protestant intends to present at the public hearing, and shall simultaneously mail a copy of the foregoing documents to the Company's counsel at the address set out above and to other Protestants.

(13) On or before March 12, 1999, the Commission Staff shall file an original and twenty (20) copies of the prepared testimony and exhibits Staff intends to present at the public hearing and shall serve a copy of each upon the Company and each Protestant.

(14) The Company shall respond to written interrogatories within ten (10) calendar days after service. Protestants shall respond to the written interrogatories of the Company, other Protestants, and Staff within five (5) business days after service. Protestants shall provide the Company, other Protestants, and Staff with any work papers or documents used in preparation of their filed testimony promptly upon request.

Except as modified above, discovery shall be in accordance with Part IV of the Rules.

(15) On or before March 25, 1999, the Company shall file an original and twenty (20) copies of all testimony it expects to introduce in rebuttal to all direct prefiled testimony and exhibits; additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of the hearing, and provided further, the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the Hearing Examiner. A copy of the prefiled rebuttal evidence shall be sent to the Company and to all other parties to the proceeding.

(16) Any person desiring to comment in writing on Roanoke's application may do so by directing such comments, on or before February 17, 1999, to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Such comments shall refer to Case No. PUE980626. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's 2nd Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff.

(17) On or before January 21, 1999, the Company shall complete publication of the following notice to be published as display advertising (not classified), once a week for two consecutive weeks in newspapers of general circulation within Roanoke's service territory.

NOTICE TO THE PUBLIC OF AN APPLICATION BY
ROANOKE GAS COMPANY TO INCREASE ITS RATES
AND CHARGES AND TO REVISE ITS TARIFF
CASE NO. PUE980626

On September 30, 1998, Roanoke Gas Company ("Roanoke" or "the Company") filed a general rate application requesting authority to increase its rates and charges and to revise its tariff. The proposed rates are designed to increase Roanoke's annual operating revenues by \$877,527, an increase of approximately 1.94% in the Company's jurisdictional unadjusted revenues. The Company seeks total operating revenues of \$48,826,984. The Company's application and supporting testimony and exhibits are based on a test period ending June 30, 1998. Roanoke also proposes two revisions in its tariff: a Distribution System Renewal Surcharge and a Revenue Stabilization Surcharge.

Interested persons are encouraged to review Roanoke's application and supporting documents for details of these and other tariff revisions proposed in the Company's application.

The Commission has suspended the Company's proposed rates, charges and tariff revisions through February 27, 1999.

PLEASE TAKE NOTICE that while the total revenue requirement that may be approved is limited to the amount requested by Roanoke, individual rates and charges, revenue

apportionment and the tariffs approved by the Commission may differ from those proposed by the Company.

The Commission has scheduled a hearing before a Hearing Examiner to begin at 10:00 a.m. on April 13, 1999, in the Commission's Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the Company's application.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD) at least seven days before the scheduled hearing date.

A copy of the Company's proposed rates, charges, and tariff and accompanying materials are available for public inspection during regular business hours at all Roanoke's offices where customer bills may be paid. A copy is also available Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Clerk's Office, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any person desiring to comment in writing on the application may do so by directing such comments on or before February 24, 1999, to the Clerk of the Commission as provided below, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and refer to Case No. PUE980626. Any person desiring to make a statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself as a public witness to the Commission's Bailiff.

Any person who expects to submit evidence, cross-examine witnesses, or

otherwise participate in the proceedings as a Protestants pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure should promptly obtain a copy of the Order for Notice and Hearing from the Clerk of the Commission at the address set forth below for full details concerning the procedural schedule and instructions on participation.

All written communications to the Commission regarding this case should be directed to William J. Bridge, Clerk of the State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218 and should refer to Case No. PUE980626.

ROANOKE GAS COMPANY

(18) Roanoke Gas Company forthwith serve a copy of this Order on the Chairman of the Board of Supervisors of each county in which the Company offers service, and/or the Mayor or Manager of every city and town (or equivalent officials in the counties, cities, and town having alternate forms of government) in which the Company offers service. Service shall be made by first-class mail or delivery to the customary place of business or to the residence of the person served.

(19) At the commencement of the hearing scheduled herein, the Company shall provide the Commission with proof of notice as required by paragraphs (17) and (18) of this Order.